

REAL ESTATE COMMISSION  
Professional & Vocational Licensing Division  
Department of Regulatory Agencies  
State of Hawaii

MINUTES OF MEETING

Date: Thursday, January 29, 1976

Place: Board Room, Department of Regulatory Agencies  
1010 Richards Street, Honolulu, Hawaii

Present: Herbert S. Isonaga, Vice Chairman  
Mrs. Mary V. Savio, Member  
Tadayoshi Ishizu, Member  
John D. Texeira, Member  
John M. Urner, Member  
Ah Kau Young, Member

Clyde E. Sumida, Deputy Attorney General  
Leo Young, Deputy Attorney General  
Robert G. Klein, Departmental Complaint Officer  
Yukio Higuchi, Executive Secretary  
Yukio J. Onaka, Investigator  
Mrs. Karen Hirota, Clerk-Stenographer

Wesley Park, Associate Professor of College of Business  
Administration, University of Hawaii  
David Peters, Director, Small Business Management Program,  
University of Hawaii  
Earl W. Lee, Exec. Vice Pres. of the Hawaii Association of  
Realtors  
George "Red" Morris, Real Estate Licensee  
Ronald Tom, Representative from Dillingham Corporation  
John Anderson, Representative from Bank of Hawaii  
Hiroshi Sakai, Attorney At Law  
Violet C. King, Real Estate Broker Applicant

Called to Order: There being a quorum, Vice Chairman Isonaga called the  
meeting to order at 9:00 a.m.

Executive Secretary reported that the agenda for the  
January 29, 1976 meeting had been filed with the  
Lt. Governor's office on January 26, 1976 in compliance  
with the Sunshine Law.

Vice Chairman Isonaga introduced David M. Peters of the  
Small Business Management Program, University of Hawaii.

Minutes: Mary Savio moved and Ah Kau Young seconded to approve the  
minutes of the December 19, 1975 meeting as circulated.  
Motion unanimously carried.

Committee  
Reports:

Real Estate Education Advisory Council

Margie Sussex's Application for Certification as  
Guest Instructor (Math)

Executive Secretary informed that Margie Sussex submitted an application for a guest instructor in Math.

Mary Savio moved and Ah Kau Young seconded to approve Margie Sussex's application. Motion unanimously carried.

Continuing Education

Executive Secretary reported that there are some problems involving the administration because they feel the educational consultant could handle this program. Rather than rushing to enter into contract with S.B.M.P. to develop our continuing educational courses, the Director had suggested that we wait until we hire the educational consultant.

Wesley Park informed that as far as certifying the students, they will probably have an in-house certification instead of a diploma.

After some discussion, Vice Chairman Isonaga decided to get together with Wesley Park and the Director to discuss the matter.

Hiring of Educational Consultant

Executive Secretary informed that the contract had been forwarded to Susumu Ono's office through the Director. Herbert Isonaga and the Executive Secretary met with Ron Nakano and certain changes were recommended.

Nakano felt that some of the work contained in the consultant contract should be handled by staff. He suggested that the Commission reduce the scope of work by deleting those functions that staff should handle. The consultant would be hired to perform only those functions that requires a consultant, and the other functions could be handled by staff. Since the existing staff is not able to handle the other functions, he suggested that an educational officer position be created under civil service and the new position be funded by the Real Estate Education Fund.

Vice Chairman Isonaga recommended that the Commission approve the suggestions of Nakano, because of the immediate need to start the Commission's educational program. He requested that the Executive Secretary make sure that the Legislature does not use the Real Estate Education Fund for other purposes, and make it known that the Commission is only offering the funds to establish the educational officers position and the Commission reserves the right to abolish it if they are not satisfied.

Vice Chairman Isonaga suggested that we request that the Director include this in the next Department budget and the position be funded from the General Fund.

Vice Chairman Isonaga reviewed briefly the revised scope of work submitted by the Executive Secretary and reported the changes.

Mary Savio moved and Ah Kau Young seconded that the Commission approve the plan to create a new educational officer position and that it is recommended that the Commission communicate their feeling that this position would be eventually absorbed by the general fund and the Commission requests the right to discontinue appropriations from the real estate education fund for the civil service position. Motion unanimously carried.

#### Establishment of Real Estate Chair

Executive Secretary reported that the contract is presently in the hands of the University of Hawaii and we are awaiting communications from them.

#### Real Estate Newsletter

Executive Secretary advised the Commission that the agreement for the fiscal year 1975-76 was entered with Trade Publishing Company, and we should be getting another issue printed in the near future.

#### Condominium Review Committee

##### Legislation on "Time Sharing"

Executive Secretary circulated xeroxed copies of the proposed bill submitted by Hiroshi Sakai, attorney.

Hiroshi Sakai appeared before the Commission to highlight some of the problems he had to cope with in drafting the proposed bill. He stated that he drafted the bill with the idea of keeping it simple

to fit the various types of time sharing programs rather than making it too specific. The bill will require developers of time sharing programs to register their programs with the Commission and the Commission will issue a disclosure report. The Commission will have the authority to investigate any possible violation, and the power to issue cease and desist order. They shall also have the power to bring action to enjoin.

Vice Chairman asked Hiroshi Sakai if he feels the sale of time sharing programs should be handled by licensees or leave it open. Hiroshi Sakai suggested to keep it open.

John Urner reported that his committee on time sharing had reviewed the bill and they were satisfied with the bill. Hiroshi Sakai was requested to assist the Commission in preparing a statement of testimony for the Commission.

Hiroshi Sakai took this opportunity to ask the Commission for its interpretation of the recent amendment to Section 514-10, H.R.S., which pertains to common expenses. He questioned at what point does the maintenance fee and certificate of occupancy begin. Also, when does the maintenance fees start in a phase development? Hiroshi Sakai expressed his views on this matter.

Vice Chairman Herbert Isonaga felt that Hiroshi Sakai's ideas were fair ones and he was requested to draft a proposed bill for the Commission.

#### Legislation on Condominium Problems

Executive Secretary reported that the bills (1) relating to civil penalties, which creates a new section in Chapter 514; and (2) relating to transfer of parking stalls, collection of attorney fees and expenses of enforcement, warranties, and common profits and common expenses are currently at the Governor's office.

Vice Chairman advised the Commission that when testifying on the bills, the Commission should make the amendments at that time.

Deputy Attorney General Clyde Sumida commented on the bills that were submitted as follows:

1) Section 514, relative to transfer of parking stalls

Clyde Sumida commented that the language was confusing and it should be reworded.

2) Section 514, relative to the granting of warranties against structural and appliance defects

Clyde Sumida questioned why there is a difference in time when the warranty on the structure and appliance commences.

Vice Chairman Isonaga suggested to Clyde Sumida to provide that the construction warranty run in concurrence with the appliance period. The purchaser should have some kind of right to a reasonable warranty. He also stated that the Commission wants the warranty to take effect on the date of conveyance. Clyde Sumida suggested that this new provision on warranty be consolidated with the existing Section 514-26.5, which relates to warranty against structural and appliance defects.

3) Section 514, relative to the distribution and assessment of common profits and common expenses

Clyde Sumida questioned whether there is profit involved, and suggested that we change the language of the bill.

Executive Secretary informed that the bill relating to managing agents was not submitted to the legislature because administration wants the Commission to add on to the bill.

Mary Savio was directed to work out the definition of a managing agent.

Vice Chairman Isonaga wanted Clyde Sumida to look at the section relating to performance bonds.

Clyde Sumida informed that it is discretionary and that if the Commission can find the equivalent of a performance bond, then the Commission has the discretion.

Legislation Committee

Executive Secretary reported that no bills involving the Commission had been transmitted by the legislature yet.

Vice Chairman Isonaga informed that John Urner will handle time sharing, Mary Savio will handle condominium problems, and he and Ah Kau Young will handle the balance of the matters.

He suggested that Ah Kau Young work on amending the rules and regulations, particularly in the area of condominiums. Ah Kau Young, Mary Savio and the Executive Secretary will meet on this matter.

Real Estate Recovery Fund

Executive Secretary reported that he did not receive a report from Fiscal office.

He informed the Commission that Sidney Ayabe has been sending letters to the Commission regarding recovery fund matters. On a few of the cases, Sidney Ayabe has been informing the Executive Secretary of his suggestions and recommendations.

Sidney Ayabe recommended, in the case of Douglas Correa, that the Commission should not make any payments and wait until such time as the Court enters judgment to pay. He suggested that the Commission interplede the money in court.

Mary Savio moved and Ah Kau Young seconded to accept the recommendation of Sidney Ayabe. Motion unanimously carried.

Attorney General's Report

Deputy Attorney General Clyde Sumida did not have a report to make.

Business Out  
of Minutes:

Questionable Applications

Douglas C. K. Tom, Applicant for Salesman License

Executive Secretary reported that a letter and the decision and order regarding the hearing was sent to Douglas C. K. Tom, but subsequently, he did not claim the letter.

Mary Savio moved and Ah Kau Young seconded to close the case by acceptance of the hearing officers' decision on denying him a license. Motion unanimously carried.

Calvin W. Ontai, Applicant for Broker License

Executive Secretary reported that the Deputy Director had no hearing report to make at this time.

Violet C. King, Applicant for Broker License

Executive Secretary informed that on January 12, 1976, Violet C. King called to request the Commission issue

her a license on her 1973 application. She wants her broker license but refuses to take the examination.

John Texeira moved and Tadayoshi Ishizu seconded to refund Violet King's application fee on the basis of the findings. Motion unanimously carried.

Executive Secretary suggested writing to her regarding taking the examination then the Commission will refund her the application fee if she failed to apply within a specified time of two weeks.

John Texeira moved and Tadayoshi Ishizu seconded to amend their motion to write to Violet King regarding taking the examination, then if she fails to apply for the examination, the Commission will refund her the application fee. Motion unanimously carried.

Informal Conference with Thomas F. Schmidt on Investigation Report RE-583

Executive Secretary informed that Thomas F. Schmidt's attorney called to request a rescheduling of the informal conference to the next Commission meeting date. By unanimous consent of the Commission, the informal conference was rescheduled to the next meeting.

Policy Decision on Sale of Condominium Units by Agreement of Sale Without Removing Blanket Mortgage

Executive Secretary informed that at the last meeting, the Commission decided it would be a violation to sell on an agreement of sale.

Ken Chong discussed this matter with the Executive Secretary and felt the Commission should give much consideration into this matter.

Executive Secretary requested that the Commission allow Ken Chong to appear at the next meeting to discuss the matter, and also request the Attorney General be present at the meeting.

Investigations:

RE-531 Julian Buttons

Executive Secretary advised that Deputy Attorney General Michael A. Lilly reviewed the case and made some recommendations.

Executive Secretary was informed by Laura Light, a licensee, that Julian Buttons is deceased.

Vice Chairman Isonaga entertained a motion that the Commission direct the Investigation Branch to do the following:

- 1) Try to locate the respondent, and
- 2) If able to locate him, advise him that the Commission is withholding the issuance of the license pending resolution of the complaint.

Ah Kau Young moved and Mary Savio seconded to accept the motion made by Herbert Isonaga. Motion unanimously carried.

RE-542 Sheldon Soosman

Deputy Attorney General Leo Young appeared before the Commission to brief them on findings in his report, which he will submit a copy to the Commission.

Deputy Attorney General Leo Young does not feel the Commission should revoke the license at this time.

He stated that his recommendations were based on the qualifications of the witnesses and not on the report itself.

Mary Savio felt that the Commission should consider Soosman's reputation, but Deputy Attorney General Young did not agree.

John Texeira moved and Tadayoshi Ishizu seconded to defer action pending further investigation and review by the Attorney General. Motion unanimously carried.

RE-635 Kenneth Y. Tokujo

Executive Secretary advised that he discussed this case with Robert Klein, and they both agreed that further investigation was necessary before the hearing notice could be drafted.

RE-648 Marion Massey

Executive Secretary reported that the Commission decided on a hearing. This matter was reviewed by Robert Klein and he felt the Commission should reconsider the decision to go to a hearing.

RE-653 GAC Properties, Inc.

Executive Secretary advised the Commission that he wrote to GAC Properties (Howard Kim) advising them to cease and desist business due to the following reasons:



- 1) Lack of supervision over sales staff.
- 2) No telephones in the area.
- 3) The certificates were not posted at the branch offices.

Executive Secretary received a letter dated November 26, 1975 from Howard Kim advising that they have complied with the order. Robert Bekeart also informed the Executive Secretary that GAC Properties will shut down their offices.

Mary Savio moved and Tadayoshi Ishizu seconded that the Commission determine if GAC is out of business, and if so, the case be closed. Motion unanimously carried.

Luncheon Recess:

Vice Chairman Isonaga called a luncheon recess at 11:35 a.m.

Reconvened:

Vice Chairman Isonaga reconvened the meeting at 1:00 p.m.

Investigations:  
(continued)

RE-638 Trigg Stave

Executive Secretary informed that this complaint was withdrawn verbally.

Vice Chairman Isonaga entertained a motion that inasmuch as, the complainant withdrew the complaint, this case be dismissed.

John Texeira moved and Tadayoshi Ishizu seconded. Motion unanimously carried.

RE-75-10 New Ventures, Ltd.

Vice Chairman Isonaga recommended the dismissal of this case, inasmuch as, there is no proof that representation was made for the project to be converted to a hotel operation.

Mary Savio moved and Ah Kau Young seconded. Motion unanimously carried.

RE-75-31 R.S.M., Inc.

Vice Chairman Isonaga suggested a letter be sent to Mr. Smythe advising him that although there were no serious violations, the Commission feels he was remissed in not making the question of whether the building was constructed of wolmanized lumber, a provision in the contract, and urge that he be more cautious in future transactions.

RE-76-2 Mariner's Realty

Executive Secretary informed the Commission that the complainant, Damon Purdy, complained that Mariner's Realty did not use good judgement when they hired Burke Pest Control, because the pest control company was unlicensed.

He also informed that Dick Okaji feels the Commission should issue a letter of warning to Mariner's Realty for not checking out Burke Pest Control Company.

It was suggested that an investigator go out to Mariner's Realty to see how many times they have used the Burke Pest Control and obtain testimony to the fact that they have been more than satisfied with the performance of Burke Pest Control.

RE-75-8 Hugh Menefee Inc.

Executive Secretary informed that this complaint was requested to be added to the agenda by Robert Klein, the Departmental Complaint Officer.

Upon brief discussion, it was learned that all of the members had not received their copy of the investigation report and they were not ready to act on the matter. The Commission decided to defer action on this matter to the next meeting.

Vice Chairman Isonaga directed the Executive Secretary to advise Robert Klein that this complaint will be discussed and acted on at the next meeting.

New Business:

Licensing

CORPORATION:

Bogue Associates Inc. - 277 Wili Ko Pl., #34, Lahaina, Maui  
 Merwyn A. Bogue-PB  
 Jan Campbell Inc. - 32 Merchant St., Honolulu  
 Janet L. Campbell-PB  
 D. H. Graham Co. Ltd. - 345 Queen St., #400, Honolulu  
 Donald H. Graham Jr.-PB  
 Hallmark Properties Inc. - 904 Kohou St., #301, Honolulu  
 John H. Peterson-PB  
 Hawaii-Las Vegas Investments (Inc? Ltd? Corp?) - 190 S. King  
 Kenneth T. K. Ching-PB St., #977, Honolulu  
 Heritage Investors Inc. - 345 Queen St., #711, Honolulu  
 Francis A. Wong-PB  
 L-R Corp. - 190 S. King St., #1702, Honolulu  
 Dorothy K. Santos-PB  
 Locations Inc. - 320 Ward Ave., #101, Honolulu  
 William S. Chee-PB  
 Realty Leasing Corp. - 126 Queen St., Honolulu  
 Tadayoshi Hara-PB  
 Realty Specialists Corp. - 190 S. King St., #1940, Honolulu  
 Melvin J. Lum-PB

Executive Secretary was directed to write to the principal broker of L-R Corporation and inform him that the name is to close to LTR Corporation and it may cause confusion and therefore, he is requested to change the corporate name.

Tadayoshi Ishizu moved and Ah Kau Young seconded for the approval of the corporation applications with the exception of L-R Corp. Motion unanimously carried.

TRADE NAME:

BFG Realty - 1152 Bishop Bldg., #800, Honolulu  
Bruce F. Gilbert, dba  
Charles H. Bond Realty - 94-239 Waipahu Depot St., Waipahu  
Charles H. Bond, dba  
CK Real Estate - 3703 Waialae Ave., Honolulu  
Charles Y. Koseki, dba  
Fred Chee Realty - 4747 Kilauea Ave., #209, Honolulu  
Frederick K. O. Chee, dba  
Harbor Realty - 2003 Kalia Rd., Honolulu  
Hugh C. Beaton, dba  
Honolulu Development - 825 Keeaumoku St., #215, Honolulu  
Charles E. Wilkie, dba  
KK Realty - 1127 11th Ave., Honolulu  
Katsuto Kagawa, dba  
Kahala Homes - 2299 Kuhio Ave., #1506, Honolulu  
Kenneth B. Myers, dba  
Kahau Realty - Kahului Shopping Ctr., Kahului, Maui  
Kahau Enterprises, Inc., dba  
Norman Nakamura Realty - 70 Kam Highway, Wahiawa  
Norman Nakamura, dba  
Orchid Isle Realty - 1791 Waianuenue Ave., Hilo  
Robert J. Santos, dba  
Selander Realty - 180 Halekauwila St., #23, Honolulu  
Mary Anne D. Selander, dba  
Lydia Stevens Broker - 419 Atkinson Drive, #1203, Honolulu  
Lydia M. Stevens, dba

Mary Savio moved and Ah Kau Young seconded for the approval of the trade name applications with the exception of Kahau Realty and Orchid Isle Realty. Motion unanimously carried.

BRANCH OFFICE:

Award Homes Hawaii Inc., Br-1 - 25 Kaneohe Bay Drive, Kailua  
Lorene K. Aldrich, BIC

John Urner moved and Ah Kau Young seconded to approve the branch office application. Motion unanimously carried.

PAST 1-YR. DEADLINE (APPLICATION FOR LICENSE):

Glenn D. Takasato

Executive Secretary advised that a letter was received from Glenn D. Takasato giving his reasons for filing his application for issuance of license after the 1-year deadline.

John Urner moved and Tadayoshi Ishizu seconded to deny the application. Motion unanimously carried.

CHANGE OF CORPORATION NAME:

Brenesell Realty Advisors Inc., dba AID Realty  
(Formerly: American International Development  
Realty Corp., dba AID Realty)  
Michael A. Brenesell, PB - 700 Bishop St., #1114, Honolulu  
Lewis International Ltd. (formerly: RV Enterprises Inc.)  
Russell G. Lewis, PB - 712 Emily St., Honolulu  
Scholfield Realty Inc. (formerly: Laverty, Helms & Associates  
841 Bishop St., #1910, Honolulu Inc.

John Urner moved and Tadayoshi Ishizu seconded to approve the applications for change of corporation name. Motion unanimously carried.

QUESTIONABLE APPLICATION:

Howard T. Omura is living on Lanai and is applying for re-activation of license with George M. Yanagi, dba IAO Realty who has his business on Maui.

Executive Secretary was directed to advise Howard T. Omura that the Commission cannot approve the application because his employing broker's real estate activity is on a part-time basis and cannot fulfill the supervision of a salesperson. A copy should be sent to George M. Yanagi.

Miscellaneous:

Results of December 13, 1975 Examination

Executive Secretary circulated copies of the results for the December 13, 1975 examination.

Ah Kau Young moved and Mary Savio seconded to approve the results as circulated. Motion unanimously carried.

E.T.S. Advisory Committee Meeting - March 25-26, 1976

Executive Secretary advised that the date for the E.T.S. meeting was moved to April 14-15, 1976, because a few of the states need additional time to get approval.

Mary Savio and Executive Secretary were selected to represent the Commission at the E.T.S. meeting.

Request of Dillingham Land Corporation for Approval to Waive Performance Bond and Replacement with Irrevocable Letter of Credit

Ronald Tom of Dillingham Land Corporation and John Anderson of Bank of Hawaii appeared before the Commission to brief the Commission on their views and request if Dillingham Corp. can give a guaranty to finish the building.

John Anderson stated that a completion bond is the preferred over a performance bond. He also stated that Dillingham Land Corporation has always operated on the basis of a completion guaranty from the parent company, Dillingham Corporation.

Vice Chairman Isonaga recommended that the Commission go on record to accept a bond or warranty to complete the project by the parent company if that warranty is acceptable to any responsible lending institution licensed to do business in Hawaii.

John Urner moved and Tadayoshi Ishizu seconded. Motion carried. John Urner, Tadayoshi Ishizu, Ah Kau Young, and John Texeira voted for the motion. Mary Savio abstained from voting.

Date of

Next Meeting:

February 26, 1976, Board Room

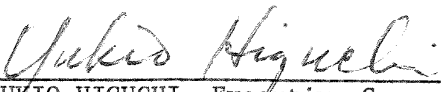
Adjournment:

There being no further business, Vice Chairman Isonaga adjourned the meeting at 4:00 p.m.

Taken and recorded by:

  
Karen Hirota, Clerk-Stenographer

Approved by:

  
YUKIO HIGUCHI, Executive Secretary